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ON

HUMAN RESOURCE ACCOUNTING A TOOL TO EVALUATE HUMAN CAPITAL AMONG COLLEGE TEACHERS : A COMPARATIVE STUDY BETWEEN MUMBAI AND NANDED

SUBMITTED BY

SHAIKH RESHMA FAZLUR REHMAN

(M.COM, B.Ed., UGC-NET)

UNDER THE GUIDENCE OF

DR. A.P. JADHAV

(M.COM, B.Ed, M.Phil., PhD)

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HUMAN RESOURCE ACCOUNTING
A TOOL TO EVALUATE HUMAN CAPITAL
AMONG COLLEGE TEACHERS : A COMPARATIVE STUDY
BETWEEN MUMBAI AND NANDED

1) INTRODUCTION:

Teachers play an important role in development of nation. Teachers are the building pillars of the nation. We depend on them to educate our children, to produce the intellectual capital that is the foundation of our future as a society. The teacher is a representative of the society who inculcates moral percepts. Teachers therefore, have to play a cardinal role in the building up of the character of the next generation.

In order to have strong nation building, a country should take efforts to motivate its teachers to develop themselves in order to facilitate further development of a country as development begins from within oneself. Colleges depend upon both teaching and non teaching staff working in it, but major responsibility comes upon teachers who are the source of student's knowledge, learning and development. Therefore, there is a need to have an effective performance evaluation system and powerful tool to make decision, in order to administer, evaluate and enhance teacher's performance.

Presently in India, one of the key motivational and performance evaluation and appraisal tool for development of degree college teachers is Annual Performance Indicator, given by the University Grant Commission, which is often used by universities and college authorities for the purpose of performance evaluation and decision making in matters such as promotion, rewarding etc. Academic Performance Indicator (API) evaluates the performance of teachers on the basis of different categories such as Teaching, Learning and Evaluation Related Activities, Co-curricular, Extension and Profession Related Activities, Research and Academic Contribution etc.

Human Resource Accounting

Definition:

- The American Accounting Association's Committee on Human Resource Accounting (1973) has defined Human Resource Accounting as, "the process of identifying and measuring data about human resources and communicating this information to interested parties". Human resource accounting (HRA) is an attempt to identify, quantify and report investment made in Human resources of an organization that are not presently accounted for under conventional accounting practice.
- **According to Stephen Knauf, 'HRA is the measurement and quantification of human organizational inputs such as recruiting, training, experience and commitment'.**

EXPLANATION OF IMPORTANT TERMINOLOGY:

i) **Human Capital:** "Human capital refer to processes that relate to training, education and other professional initiatives in order to increase the levels of knowledge, skills, abilities, values, and social assets of an employee which leads to employee satisfaction and performance, and eventually the firm performance."

ii) **Valuation:** "Valuation is the process of determining the worth of an asset. Any asset, physical or financial has a value to the extent that it can satisfy desires, needs or wants of the holders".

iii) **Assessment:** Assessment provides feedback on knowledge, skills, attitudes, and work products for the purpose of elevating future performances and learning outcomes. Assessment is done to improve the quality of future performances.

iv) **Performance Appraisal:** Performance Appraisal is the systematic evaluation of the performance of employees and to understand the abilities of a person for further growth and development.

2) PROBLEMS OF THE STUDY:

i. Present Disclosure Practices about Human Resource in reports of colleges do not provide complete transparency about institution's Human Resource information.

ii. Teachers' performances are not linked with their pay for the purpose of promotion.

iii. Present system of Performance Evaluation of teachers lacks concept of Human Resource Valuation and its recording at appropriate place.

iv. Increasing depreciation of teachers' Human Capital is deteriorating Teachers' Performance.

v. Present system of Decision Making though satisfactory but lacks concept of Human Resource Valuation.

3) HYPOTHESES OF THE STUDY:

In order to guide the present research efforts towards a proper direction, the following set of hypotheses are formulated and will be tested in the course of study.

i. Human Resource Accounting system is an effective instrument to make the concept of True and Fair View more inclusive in colleges.1

ii. Human Resource Value of teachers along with Annual Performance Indicator can serve the purpose of teachers' promotion and quality enhancement in a better way.

iii. Human Resource along with Academic Performance Indicator (API) and other performance evaluation methods or techniques will provide a complete set of techniques for more appropriate Performance Evaluation.

iv. There is a negative relation between depreciation of Teachers' Human Capital and their performance.

v. Human Resource along with and other Performance Evaluation methods or techniques will help authorities to make more appropriate decisions.

4) OBJECTIVES OF THE STUDY:

i. To study information disclosure practices of colleges and making concept of True and Fair View more inclusive by incorporating Human Resource Values in financial reports of institutions.

ii. To study Human Resource Accounting and its applicability and acceptance in corporate sector and identifying and analyzing the impact of Human Resource Valuation of Teachers on financial position and decision making of institutions.

iii. To compare and analyze the Human Resource Values of promoted group of teachers vs. non promoted group of teachers.

iv. To see whether the performances of teachers justify their Human Resource Values calculated based on salaries decided for them by U.G.C.

v. To study the loop holes of current Performance Evaluation techniques and develop a relationship between Human Resource values and Academic Performance Indicator scores of teachers thereby proposing set of parameters with respect to teachers' Performance Evaluation.

vi. To study the relationship between Human Capital Depreciation and Teachers Performance.

vii. To study positive and negative aspects of Annual Performance Indicators (API) and other techniques of Performance Evaluation.

viii. To develop a system of Ratio analysis for the purpose of teachers' Performance Evaluation and Decision Making in colleges.

5) SCOPE OF THE STUDY:

The present study works in following scales:

i. Studying current information disclosure practice of colleges.

ii. Incorporation of Human Resource value and the capital cost of teachers in financial reports of colleges giving fair picture of institutions.

iii. Studying and analyzing existing techniques for Performance Evaluation of teachers and comparing it with Human Resource Values of Teachers.

iv. To develop a system of Ratio analysis for the purpose of teachers Performance Evaluation and Human Resource Management in colleges.

v. Computation of Human Capital Depreciation and its comparison with Teachers' Performance

6) RESEARCH METHODOLOGY OF THE STUDY:

In order to conduct research, following methodology will be adopted.

a) Universe of study:

For the purpose of proposed study, researcher has selected 10% Teachers of aided degree colleges of University of Mumbai and Marathwada University of Nanded imparting commerce education accredited by NAAC under new methodology.

b) Sample of data:-

Random Sampling technique is used in order to draw samples from the universe.

c) Period of the study: Data of five financial years/academic years will be considered for the purpose of proposed study.

d) Techniques of data collection:

Study will be based on both primary and secondary sources.

i) **Primary Data** – Techniques for primary data collection for the proposed study are as follows:

- Questionnaire

- Personal Interviews
- Telephonic Interview
- Observation Method
- Email

ii) **Secondary Data**: Secondary data for the proposed study will be collected from the following sources

- College Reports
- College and University Magazines
- Websites
- Reports of U.G.C. and NAAC
- Journals, Magazines and Periodicals

e) Research Technique for data analysis:

i. **Ratios and Percentage:** To establish the relationship between two financial figures to facilitate further analysis.

ii. **Trends:** To find out increasing and decreasing trends in Human Resource Values and performance scores.

iii. **Simple Correlation:** To establish relationship between two variables.

iv. **Multiple Correlations:** To establish relationship between more than two variables.

v. **Regression:** To establish value of one variable, given values of other variables.

vi. **Time Series Analysis:** To estimate subsequent value given proceeding values.

vii. **Derivatives:** To identify the deviation between variables.

viii. **Graphs:** For graphical presentation of data.

ix. **Tabulation:** To present data in tabular form to facilitate further analysis.

7) SIGNIFICANCE OF THE STUDY:

Human Resource Accounting is gaining importance nationally as well as internationally. Companies such as Infosys, BHEL, SAIL etc. have accepted the fact that Human Resource can be treated as an important asset of the firm and placed it in the annual report, but yet to find place in the Educational Sector. Though it has not found a place in Balance Sheet but it has been used quite often for knowing worth of employees in monetary terms. This study will play an important role in moving Human Resource Accounting in Educational system. The proposed study also aims at providing complete accounting treatment to Human Resource as asset.

Employees/Workers are important source of productivity and future benefit, but not recognized as an asset of the firm. In this regard, Human Resource Accounting played an important role to recognize the worth of employees/workers to an organization. Teachers who are actual nation builder and future maker of the country but their worth to the institution, society and country, is yet to be recognized. This can be made possible by applying concept of Human Resource Accounting to the field of education. Thus with the help of this study, researcher will make an attempt to recognize the monetary values of teachers and linking it and comparing it with their performance.

Human Resource Valuation along with existing Performance Evaluation techniques will act as a complete set of techniques for the purpose of decision making. Human Resource Accounting will also prove to be an added tool for taking different decision relating to productivity improvement and Human Resource Management.

Organization of the study:-

It deals with chapter scheme of the study.
The brief details of the chapter are explained as under.

Chapter 1: **Introduction**.

It starts with the introductory part of the research. It gives brief idea about the Human Resource Accounting, implications and significance of Human Resource Accounting in Colleges.

Chapter 2: Review of Literature.

It deals with the past study on the Human Resource Accounting. It shows the literature regarding linkages of Human Resource Accounting in colleges and its effects on college teachers.

Chapter 3: Introduction to Human Resource Accounting

This chapter deals with need and objectives of Human Resource Accounting, scope of Human Resource Accounting, process of Human Resource Accounting, and pre-requisites of Human Resource Accounting.

Chapter 4: Human Resource Accounting Process/ Methodology

This chapter briefly discusses the process/ procedure to prepare Human Resource accounts. It also covers the scope of Human Resource Accounting.

Chapter 5: Analysis of selected Colleges/ Profile of respondents

This chapter gives detailed description of history, and current structure of selected colleges.

Chapter 5: Analysis of Data

Primary data collected by teachers are to be processed through statistical packages. And data is being evaluated to test the hypothesis mentioned.

Chapter 6: summary of findings and suggestions

It deals with the outcome of the data analysis and interpretation. It shows in detail about the findings the researcher has found out from the primary survey and researcher will be giving the suggestions for the same.

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